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SENSITIVE  
SIPDIS

FROM AMBASSADOR FOLEY TO DEPUTY SECRETARY NEGROPONTE

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TAGS: [PGOV](#) [PREL](#) [ECON](#) [ETRD](#) [EINV](#) [EAIR](#) [SENV](#) [MOPPS](#) [MARR](#)  
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SUBJECT: SCENESETTER FOR VISIT OF DEPUTY SECRETARY  
NEGROPONTE TO IRELAND

¶1. (U) Welcome to Ireland. We look forward to your visit. You will arrive against a backdrop of an Irish Government led by Prime Minister Brian Cowen that is facing economic woes and uncertain relations with the European Union following its rejection of the Lisbon Treaty in a referendum in June 2009. However, the peace process in Northern Ireland, while difficult, continues to proceed successfully and Ireland is increasingly deeply engaged in foreign affairs through the European Union and the United Nations.

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Domestic Politics/Lisbon Treaty  
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¶2. (U) Ireland's May 2007 general election brought Fianna Fail, led by Prime Minister (also known as the Taoiseach, TEE-SHUCK) Bertie Ahern, into a third successive coalition government; with the Green Party and the Progressive Democrats as partners. On April 2, 2008, Ahern caught Ireland by surprise by announcing his resignation. He was succeeded on May 7 by his heir designate, former Fianna Fail Deputy Party Leader and Finance Minister Brian Cowen. Previous to holding the Finance Minister portfolio, Cowen was Foreign Minister from January 2004 through September 2004. There have been no significant changes in U.S.-Irish bilateral relations or Irish foreign policy under Cowen's leadership. On November 9, the Progressive Democrats announced they will disband as a political party. However, this is not expected to have any impact on the governing coalition.

¶3. (SBU) Looming large on the political landscape is the Irish rejection of the Lisbon Treaty referendum on June 12. Since then, Prime Minister Cowen has attended two European Council meetings, where the other EU Heads of Government agreed that Ireland needed time to analyze the outcome of the vote, and consult internally and with other EU member states to devise a way forward for EU reform. The European Council has laid down two markers: the treaty ratification process will proceed throughout the EU (currently 24 of 27 EU member states have ratified the Lisbon treaty); and the European Council will revisit the issue of Ireland's rejection of the Treaty during its December meeting. Ireland is on the hook to suggest ways out of the dilemma.

¶4. (SBU) Recently, Cowen has been discretely floating the concept of holding a second referendum in late 2009 with political declarations to protect Irish positions on abortion, neutrality, and taxation. While speaking at a business roundtable on October 30, he stated that if Ireland does not proceed with the next stage of the ratification process "there will be consequences." However, most other EU member states want the Lisbon Treaty to be fully ratified before the June 2009 European Parliament election so the election can be held under new Lisbon Treaty rules.

¶5. (U) Long a vital element in the U.S.-Irish relationship, emigration to the U.S. declined significantly with Ireland's economic boom in the 1990s and 2000s. In the past several years, Ireland experienced high levels of inward migration, mostly from Eastern European members of the EU. However, as the global recession has eliminated large numbers of jobs in the construction industry, that trend seems to be reversing. There is now a renewed interest in emigration to the U.S., and immigrants in Ireland are experiencing a disproportionate effect from the economic downturn.

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Difficult Economic Times Ahead  
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¶6. (U) Until the recent economic crisis, Ireland had one of the fastest growing economies in the world over the past decade. Ireland's Celtic Tiger transformation resulted from a combination of low corporate tax rates, industrial peace, pro-investment policies, fiscal responsibility, and effective use of EU support funds. These factors (in addition to staunchly pro-American business policies) have led over 600 U.S. firms to establish operations in Ireland; the stock of U.S. investment in the country is, in fact, significantly more than the U.S. combined total in the BRIC countries (Brazil, Russia, India, and China). Ireland also became a magnet for inward immigration, attracting over 100,000 new arrivals since the accession of ten new EU Member States in ¶2004. With the economy's slowdown, however, leading economists are predicting net migration out of Ireland for the next two years at least.

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¶7. (U) This year, Ireland's economy began to stumble. The government predicts a budget deficit of 6.5 percent of GDP and that the economy will contract by 0.8 percent in 2009. Leading economists view both figures as overly optimistic. The government introduced an austere budget for 2009 featuring unpopular spending cuts (in health and education in particular) and tax increases. In addition to the worsening macroeconomic picture, the Irish banking system was on the verge of collapse prior to the government stepping in on September 30 and guaranteeing the liabilities of the six major Irish banks. In spite of this guarantee, there is still a worry among market watchers that the government will be forced to follow some of its European neighbors and inject fresh capital into the banking system. The Irish property market bubble burst in 2008 (with prices falling by up to 40 percent in some sectors of the market) prompting a worry that the banks would end up holding a significant amount of impaired assets.

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Northern Ireland  
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¶8. (U) The USG wants to continue to support economic growth in the North and North-South Cooperation. We have consistently taken the position that the devolution of policing and justice is an important and integral part of the Good Friday Agreement and St. Andrews Agreement. Our discussions with Irish Government officials indicate that the Irish believe devolution must be accomplished according to a timeframe mutually agreed by Sinn Fein and the DUP. The Irish and the U.S. both agree that there can be no backing away from this responsibility and obligation. The USG supported a major investment conference in Belfast in May ¶2008. During President Bush's June 16 visit to Belfast (where he met Cowen), the President stressed that devolution of policing and justice must occur.

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Rendition Allegations  
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¶9. (SBU) Since the issue of alleged renditions broke in 2004, the Irish have publicly stated that they have accepted assurances that no rendition prisoners have transited Ireland. Top Irish officials, including the Prime Minister, have declared that they would take the USG at its word and not pursue inspections of U.S. aircraft suspected of transiting Ireland with rendition prisoners without sufficient probable cause. As recently as December 2007, then Prime Minister Bertie Ahern and then Foreign Minister Dermot Ahern categorically rejected Opposition and Irish Human Rights Commission calls for random inspections of U.S. aircraft. Current Prime Minister Brian Cowen, then Minister of Finance, supported this position.

¶10. (SBU) On October 29, the Government of Ireland established a Cabinet-level committee to review Ireland's human rights policies - giving it a mandate to approach the transition team of the incoming Obama Administration to review Irish concerns about renditions, the detention facility at Guantanamo Bay, and intensive interrogation techniques which are considered torture (such as waterboarding). The Committee will also review appropriate authorities to ensure that the national police force (Garda) and airport authorities have sufficient powers to search and inspect all aircraft transiting Ireland which are suspected of being involved in renditions, perhaps through strengthening the Air Navigation and Transport Acts. The creation of this committee was, in part, at the behest of the Green Party coalition partner in government. While formation of the committee is likely to provide greater government oversight of human rights concerns, we do not expect it to result in aircraft inspections or otherwise adversely affect U.S.-Irish relations.

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Guantanamo Bay Detainees  
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¶11. (SBU) The United States continues its effort to resettle the 17 Uighurs, 4 Uzbeks and other detainees that cannot be returned to their home countries due to inhumane treatment concerns. The State Department is working with a number of European countries in an effort to put together a group of countries to step forward and resettle detainees as a

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humanitarian gesture. We have been told in previous approaches that Ireland is unwilling to consider accepting detainees. It would be extremely helpful if Ireland would consider joining the European group in discussing the possible resettlement of these detainees.

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Changes in U.S. Tax Code  
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¶12. (SBU) The Irish government is concerned about previous proposals from President-elect Obama that would reduce or eliminate the tax advantage U.S. multinationals receive for investing in low-tax jurisdictions overseas. With a corporate tax rate of 12.5 percent a major contributing factor, Ireland has attracted a stock of \$87 billion in U.S. foreign direct investment. These U.S. companies generate a significant portion of the Irish economy's GDP, employment, and exports. Both the Irish Finance and Foreign Affairs Ministers have commented publicly that the government will lobby against and such change to the U.S. tax code, which they see as a direct threat to Irish economic well-being.

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U.S.-Irish Strategic Relationship  
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¶13. (U) Cowen announced on July 17 in New York that Ireland would conduct a strategic review of relations between the

U.S. and Ireland, to be led by Irish Ambassador to the U.S. Michael Collins. Irish officials have clarified that the purpose of the strategic review is to look beyond the U.S. cooperation on the Northern Ireland peace process, identify Ireland's key interests in the U.S., and determine if the Irish government's resources are being best deployed in support of those interests. It is not yet clear what direction the Irish see the relationship taking in future years.

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Aviation Pre-Clearance at Shannon and Dublin Airports  
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¶14. (U) DHS Secretary Chertoff and Irish Transport Minister Noel Dempsey are expected to sign the completed U.S.-Irish Pre-clearance Agreement in Washington on November 17. The agreement will allow for U.S. customs clearance at Shannon and Dublin airports in addition to the already existing immigration clearance. If all goes as planned, full pre-clearance (immigration and customs) will begin in Shannon in 2009 and in Dublin in 2010.

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Environment/Energy Initiative  
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¶15. (U) Embassy Dublin has a very active relationship with the Irish government on environment and energy issues. We worked with various Irish agencies to put together an ocean energy workshop in Galway in July, which was attended by several U.S.-based companies. We are also putting together a series of visits by U.S. government and private sector experts, the first of which is a visit by a DOE official to discuss the USG's public sector energy efficiency program. We believe that we can effectively partner with the Irish on the nexus of environmental/energy issues (including climate change), which would be useful in our broader engagement with Europe going forward. Ireland is very active in this area given that they are well above their Kyoto Protocol commitments and they are worried about their energy security. They have limited indigenous fossil fuel sources of energy.

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Global and Regional Efforts  
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¶16. (SBU) The U.S. and Ireland have worked closely and effectively on issues of shared concern, especially through Ireland's participation in multilateral organizations such as the UN and the EU. Ireland recently resettled ten Cuban refugees sheltering at Guantanamo. Ireland's military neutrality, however, remains an important cornerstone of its foreign policy, and will need to be considered when proposing bilateral initiatives.

EU Relations. Ireland and the U.S. share a common commitment to democracy, human rights, and the rule of law.

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Consequently, the Irish are generally supportive of USG foreign policy and global issues positions, particularly at the UN and EU. Nonetheless, the Irish also value extensive dialogue and consensus, and will, on occasion, adopt positions at odds with those of the U.S. in order to preserve consensus, particularly within the EU.

Iraq/Access to Shannon Airport. The USG appreciates Ireland's steadfast support in permitting U.S. military transits at Shannon and Dublin Airports (over one million troops since 2003; 262,000 in 2007), which backstop U.S. actions in the Gulf region, despite the unpopularity of this policy domestically. Ireland has also made a commitment of over three million euros to the EU's reconstruction efforts in Iraq.

Immigration. The Irish Government continues to consult and lobby with Congress and Irish-American groups on behalf of Irish residing illegally in the U.S., variously estimated at between 5,000 and 50,000. A special unit of the Department of Foreign Affairs, set up in 2006 to assist the Irish Diaspora, assists Irish Ambassador to the U.S. Michael Collins in this endeavor. While the Irish Government understands that Irish illegal aliens will not be dealt with separately from comprehensive U.S. immigration reform, the Irish take this emotive domestic issue to heart. Irish officials regularly express deep concern for these illegal aliens and frequently ask the USG to regularize their status as soon as possible.

Special Visas. Ireland and the U.S. have successfully negotiated a special visa category (a modified J-1 visa) which will enable Irish citizens to live and work in U.S. for up to one year (a duration longer than currently available under existing visa regulations); and vice versa. The Irish are impatient to have this new visa program actually commence.

Climate Change. Although the Irish public and media criticize the United States for remaining outside the Kyoto Protocol, Ireland's rapid economic growth has made it difficult for the country to meet its own Kyoto commitments. Under the Protocol, Ireland pledged to reduce emissions to 13 percent above the 1990 levels by 2012, but emissions now stand at 25 percent above the 1990 threshold. Ireland has also signed on to even more stringent EU requirements of reducing emissions by (up to) 30 percent by 2020. In this context, the Government has welcomed Embassy proposals for a cooperative approach to climate change and we are working on bilateral initiatives focused on ocean/wave energy, methane capture, and clean coal technologies. As part of this cooperation, the Embassy and the Irish government co-hosted an ocean energy workshop in July 2008, which included U.S. and Irish companies working in the sector.

The Middle East. Ireland supports the international community in calling for Hamas to renounce violence and to recognize Israel's right to exist. It also supports the two-state solution. The Irish are dismayed at violence in the Middle East and are supportive of the use of USG influence to make headway in the Middle East Peace Process.

Iran. While Ireland has generally supported international dialogue with Iran rather than sanctions, it recognizes that unchecked Iranian development of nuclear capability and its flouting of UNSC Resolutions represent a threat to the international community. Ireland supported UNSCRs 1803 and 1835 on Iran.

Irish Peacekeeping/Darfur/Chad. The Irish Defense Forces have nearly 800 troops serving in multilateral peacekeeping missions in Kosovo, Chad, Bosnia, Afghanistan, and elsewhere. Ireland is contributing 455 troops to the ESDP EUFOR mission to Chad, which is led by an Irish General, and sees this peacekeeping effort as contributing to the situation in adjacent Darfur. The Irish Government prefers not to expand its military engagement in Afghanistan, though it will consider additional development and humanitarian assistance there.

Conflict Resolution. In 2007, then Foreign Minister Dermot Ahern (now the Justice Minister) announced the opening of a new Conflict Resolution Unit (CRU) in the Department of Foreign Affairs. The Irish hope to use lessons learned in Northern Ireland to help other conflict areas of the world. The CRU's first initiative will be in East Timor.

Development Assistance. Ireland aims to contribute 0.7

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percent of GDP to overseas development assistance by 2012. Africa is a particular focus.

Cluster Munitions. Ireland is a founding member of the Oslo Process, which seeks to ban cluster munitions, in part because of the personal interest of former Foreign Minister Dermot Ahern (now Minister for Justice), who witnessed the impact of unexploded ordinance on civilians in Lebanon following the Israeli incursion in July 2006. During the May 19-30 Dublin Cluster Munitions Conference, the Irish played a key role in achieving consensus on a Cluster Munitions Convention that took into the account the concerns that critical ongoing and future peacekeeping collaboration and existing alliances not be disrupted, and that the convention be compatible with the Convention on Conventional Weapons.

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